Inclusion in Asset Building: Research and Policy Symposium

Discussant Comments

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First of all I'd like to say what a pleasure it is to be able to participate in this conference and get the chance to read some very interesting and stimulating papers, as well as being able to hear the discussions throughout the day. The papers that have been presented today have raised a number of important issues in relation to the overall topic of asset building. What I'd like to do is to pull out several themes that have emerged from these papers, and to raise some questions and issues with respect to these themes.

Assets and Social Stratification

The first overall theme that I see emerging from the work today has been the impact of assets on reproducing, and in fact accentuating, the overall social stratification in society. The papers by Midgley, Feagin, and particularly the paper by Shapiro and Johnson raise this issue.

For example in the Shapiro and Johnson paper they write, "In this presentation we focus on how, in the context of the educational arena, families use assets to reproduce structures of inequality" (p. 4). They go on to state that this

> arena in which parents are making choices is rigidly stratified and socially structured to reward those in advantageous positions for making decisions that will further their advantage and similarly situate their children. In this context of inequality individual families' 'choices' serve to perpetuate existing inequalities by passing along advantage to the next generation, and thus contributing to the reproduction of social stratification. We are suggesting that the individual process of community and school 'choice is one the mechanism through which contemporary race and class stratification is reproduced (p. 5).

In order to illustrate this process of class reproduction and the role of assets, one can use a simple game analogy. Imagine three players beginning a game of Monopoly. Normally, each player would be given $1,500 at the start of the game. The playing field is in effect level, with the individual players' outcomes determined by the roll of the dice as well as their own skills and judgments.

Now imagine a modified game of Monopoly, in which the players start out with much different advantages and disadvantages in the form of assets, much as they would in life. Player 1 begins with $5,000 and several Monopoly properties on which houses have already been built. Player 2 starts out with the standard $1,500 and no properties. Finally, player 3 begins the game with only $250. Who will be the winners and losers in this modified game of Monopoly?

Both skill and luck are still involved, but given the differing sets of resources and assets that each player begins with, they become much less important in predicting the game's outcome. Certainly, it is possible for player 1 to lose and for player 3 to win, but that's unlikely given the unequal allocation of resources at the start of the game. Moreover, while player 3 may win any individual game, over the course of hundreds of games, the odds are that player 1 will win considerably more often, even if player 3 is much luckier and more skilled.

In similar fashion, as some of the papers indicate, children from lower or working-class backgrounds simply do not have the range and depth of opportunities as children from middle or upper-class backgrounds. This in turn affects their later economic life chances, reproducing the overall class and stratification structure.

The question that I would propose for us to think about, however, is the following. Given that assets have repeatedly been shown in previous research to be paramount in reproducing societal inequalities, why should we now think that assets can be used to reduce such inequalities, other than simply in a token fashion? In other words, assets have been one of the fundamental tools in creating societal inequalities within our overall structure of a free market capitalist system. Why should we expect anything different in the future?

Midgley hints at this when he asks the question "Do assets foster social integration, reduce inequality and promote social justice or do they merely facilitate wealth accumulation among those who already have the resources and abilities to save? As Sherraden (2000) reveals in his paper, this is a major weakness of current asset policies in the United States which promote asset accumulation among the middle class but largely ignore the poor."

Without a doubt this is the case, but again, within the economic structure that we currently have, why should we except anything other than this? On what basis could one argue that assets will be used to reduce, rather than maintain, economic inequality? Again, in any way other than tokenism.

Put a slightly different way, isn't economic inequality and asset inequality a vital component of free market capitalism? Or as E. B. White once wrote, "The trouble with the profit system has always been that it was highly unprofitable to most people. "

<u>Assets and the Life Course</u>

A second major theme that has arisen in several of the papers, is the role of assets within the context of the life course. The Spilerman paper and the Shapiro and Johnson paper raise this issue. For example, Shapiro and Johnson write,

> The community and school decisions that parents make are some of the most monumental decisions in the lives of their families. These decisions, made at critical points along the life course, effect not only the everyday lives of parents and their children, but contribute significantly to a family's life chances, their future prospects and their identities (p. 4).

The ability to place the influence of assets within the context of the life course I believe is critical for furthering the knowledge base in this area. This calls out for analyses that rely upon long term panel data such as the Panel Study of Income Dynamics or the National Longitudinal Survey of Youth. It also calls out for innovative methodological techniques which can reveal particular patterns and processes that we may not have been aware of. The life table might be one such technique.

For example, I've recently been involved in a series of analyses that have applied a life table approach to understanding what the odds of experiencing poverty and the use of welfare are at some point across the adult American life span. The results have been eye opening to say the least. It turns out that between the ages of 20 and 75, approximately 60 percent of the American population will experience at least one year below the poverty line, and approximately two thirds will turn to some kind of public assistance program. In other words, poverty and the use of the welfare state are normal life course events.

The recognition of this empirical pattern involves a dramatic shift in how we perceive poverty and the use of welfare in the U.S. But such a reality could only be captured through applying a life course approach and methodology to the events of poverty and welfare use.

Likewise, I would suggest that we develop innovative ways of thinking about and assessing the impact of assets within a life course perspective. Such an approach could encourage a paradigm shift in how we view the importance of assets in American lives. The paper by Williams hints at this when she examines and assesses what direct impact the Homestead Act had on several generations of Americans.

Many questions could be developed and investigated which would explore the life course impact of assets on a variety of life chances and outcomes, and how those life chances and outcomes encourage or inhibit the accumulation of assets. From such information, a theory of asset behavior and outcome could begin to be built.

Poverty and Asset Building

A third critical question that has emerged from the papers today is, to what extent does the condition of poverty actually prevent asset building? This has been alluded to within several of the papers.

The findings in the paper by Chiteji and Hamilton are reminiscent of the findings found nearly 30 years ago in Carol Stack's book *All Our Kin: Strategies for Survival in a Black Community.* Stack (1974) found that the ability to save and build assets was at odds with the attempt to survive poverty conditions on a day to day basis.

This presents a fundamental paradox in that asset policies directed to the poor may be at odds with the short term goals of surviving poverty on a day to day basis. During the presentations tomorrow and on Saturday we'll hear some of the results and ideas from the IDA project which I'm sure will address this issue. Nevertheless, this is a fundamental paradox in which serious thought should be given to its resolution. Specifically, how can the poor build their assets when such an effort may in fact undercut their short term ability to cope with poverty?

Unequal Racial Distribution of Assets

A fourth overall theme which nearly all of the papers have dealt with in one way or another has been that of the unequal racial distribution of assets, specifically between whites and blacks. Feagin has pointed out in his paper the costs that African Americans have paid over the past 300 years which has resulted in sizeable differences in asset levels. When we look at the dividing line between blacks and whites in America, the income differences are large, but the asset differences are huge. This was of course effectively shown in the *Black Wealth/White Wealth* book (Oliver and Shapiro, 1995).

One of the important reasons to focus on assets from an academic point of view, is that it reveals the sizeable racial inequality in America, much more so than income, which has been the typical approach when looking at racial inequality. It also helps to better explain survey research which shows that white and black Americans have much different perceptions regarding whether America works for them or not, along with the viability of the American Dream.

For example, quoting from Jennifer Hochschild's book, *Facing Up to the American Dream: Race, Class, and the Soul of the Nation* she writes that in terms of the American dream,

> Whites believe it works for everyone; blacks believe it works only for those not of their race. Whites are angry that blacks refuse to see the fairness and openness of the system; blacks are angry that whites refuse to see the biases and blockages of the system. If that disparity persists or worsens, as it has every appearance of doing, the American dream cannot maintain its role as a central organizing belief of all Americans (1995: 68).

When we focus on the disparities in assets between blacks and whites, we can begin to appreciate and understand the differing racial perceptions regarding the meaning of America.

Assets and Justice

Finally, a fifth theme which has emerged out of the papers today has been the issue of assets and justice. In some sense this was one of the motivating factors behind Sherraden's initial writings on the subject. That is, is it fair or just that as a society we have policies that encourage asset formation for middle and upper class families, yet provide next to nothing for lower class and poor families?

A further question that has been raised implicitly in several of the papers has been, to what extent is the current situation of vastly unequal assets among Americans, just? And connected to this, is it fair that some parents can pass on to their children enormous advantages and assets while others cannot? Conversely, we might ask, is it just or fair to reduce a parents' ability to pass on such advantages? What would be the grounds or basis on which we would support one or the other of these positions?

References

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